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Life Without EU Membership: The Case for a Multi-Speed EaP

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The recent Eastern Partnership (EaP) summit in Brussels highlighted once again the gap between the expectations of the Eastern partners and the European Union. The advanced Eastern partner countries aspire for nothing less than full EU membership – something which the European Council is not ready to offer. Yet, the exclusive focus on the rather distant membership perspective has overshadowed more acute problems: for many, the EaP format itself is considered inherently ineffective undermining of the EU's soft power in Eastern partner countries. This paper argues that, as a starting point, the EaP could be replaced with new instruments for more flexible integration. This approach would formally acknowledge the multispeed nature of the Eastern neighborhood and allow advanced EaP states to join a polycentric EU system without offering full membership.

The recent Eastern Partnership summit again fell short of the expectations of the advanced EaP states – Georgia, Moldova and Ukraine. Their expectations were running high, fueled further by the resolution of the European Parliament (EP), which suggested launching an EaP+, a substantial upgrade of the current format for the associated countries. However, the EP initiative was not considered and the summit's final declaration offered only negligible updates. In fact, Signature of the Comprehensive and Enhanced Partnership Agreement (CEPA) between the EU and Armenia was the last tangible incentive the EaP could offer to any of the Eastern partner countries. With the ratification of the CEPA, the EaP as a policy framework has given away all tangible incentives it had at its disposal. Hence, unless further objectives are articulated, a mismatch in relations between the EU and its Eastern partners will become inevitable. On the

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other hand, however, even though the full membership clearly constitutes a final goal of the associated EaP states, in the short-term period they should focus on other objectives which may serve as provisional solution both for them and the EU. By doing so, the EaP countries and supporters of the EU's further enlargement could spare their frustration by facing the reality that the European Council is not going to offer the EaP states the membership perspective anytime soon. Amidst the influx of migrants from the Middle East and North Africa and growing Euroscepticism among the European population, the membership promise is easily instrumentalized by far-right parties and movements to advance their parochial agendas and unravel European politics. The aversion to further enlargement is shared by other EU institutions as well. Even the European Parliament – perhaps the most integration-friendly EU body – avoided explicit mention of the membership perspective in its EaP-friendly resolution prior to the summit.²

Yet, the main problem of the EaP is not the political inability of the European Council to offer the EU membership perspective to advanced EaP states. The key challenge has rather been the inflexibility and lack of creative thinking within the Council of how to keep the EaP states bound to the EU integration track in the absence of the “golden carrot” of EU membership. Sadly, when it comes to innovation and creativity the European Council has time and again proven itself to be shockingly conservative and a reactive actor. From the very beginning, the evolution of the European Neighborhood Policy (ENP) and its Eastern component – the EaP – was not driven by a genuine push coming from within the Council but was a reaction to political dynamics in the EU's neighborhood, including dramatic events such as the Color Revolutions, the Russia-Georgia War, the Arab Spring uprisings and the Russia-Ukrainian military conflict and Russian annexation of Crimea. Each of these crises contributed to the redesigning of the EaP and the ENP. For instance, the recent review of the ENP in 2016 was highly influenced by the Arab Spring and the need for more stability and differentiation. Similarly, the EaP is now drifting towards another crisis since all available incentives have been consumed and the Council seems unwilling to offer new incentives. In 2016, the European Commission initiated “20 Deliverables for 2020”,³ however, the program does not have much added value, being a minor addition to the existing EaP format. Prior to the previous EaP summit, the European Parliament suggested the introduction of an EaP+ format, offering the advanced EaP countries accession to the customs- and energy union and establishing a trust fund for increasing financial support for their reforms.⁴ However, the initiative was not taken on board by the Council during the summit in Brussels.

² European Parliament, ‘MEPs want to reward reforms made by Eastern partners’

³ European Commission, ‘Eastern Partnership - 20 Deliverables for 2020 Focusing on key priorities and tangible results’

⁴ European Parliament, ‘MEPs want to reward reforms made by Eastern partners’

Strengthening the ‘Regatta Principle’: Why a Two-Speed EaP Will Work Better

The EaP, and even more so its parent framework, the ENP, has always been based on a regional “one-size-fits-all” logic.⁵ It was slightly altered by introduction of the “more for more” principle – which means (slightly) more money in exchange for more reforms, and later by revision of the ENP in 2016 when “differentiation and greater mutual ownership” were coined as “the hallmark of the new ENP.”⁶ A few steps have been taken to reflect the different “wishes of each country concerning the nature and focus of its partnership with the EU.”⁷ However, the change came about in a way that did not spark healthy competition among the EaP countries. The “regatta principle”⁸ – which refers to supporting competition among EU candidate countries – contributed to the success of the 2004 big-bang enlargement of the EU -but has so far shown a moderate success in the context of the EaP.

One of the main reasons behind the failure of the “regatta principle” in the EaP has been its limited formal application: regardless of achieved success all countries are dealt within the same framework of the EaP. Besides, the gap between needs and expectations of individual EaP countries has grown so much that it is barely possible to keep them under one umbrella. Azerbaijan and Belarus have no interest in close political dialogue and institutionalized relations with the EU since such relations are conditional on democratic reforms – a red line for incumbent regimes in Baku and Minsk. Armenia is the victim of its geopolitical situation, unable to go beyond certain red lines marked out by the Kremlin. The CEPA is certainly a step forward. However, it excludes key elements of any type of reasonable free trade agreement and hence cannot be a precursor to closer economic integration with the Union. The CEPA is rather an acknowledgment of political will by the Armenian government to have closer relations with the EU in the future should geopolitical circumstances change. Finally, Georgia, Moldova and Ukraine aspire to nothing less than full membership and are keen on making costly reforms even if the membership perspective is absent. Yet, even these self-declared pro-European pioneer countries show very differentiated results when it comes to actual implementation of political and economic reforms. Even in these countries, corrupt political elites and oligarchs often impede or delay repeatedly the reforms that are necessary to approximate European standards of political and economic development. Hence, more differentiation is not only needed between “associated” and “non-associated” camps but also within these camps as well. Table 1 shows the extent to which the EaP states differ from one another. They have achieved varying degrees of governance, economic, regulatory and political reforms, have different foreign policy priorities, belong to different macro-regional frameworks and enjoy different degrees of integration with the EU.

⁵ Börzel and Risse, ‘One Size Fits All! EU Policies for the Promotion of Human Rights, Democracy and the Rule of Law’; Börzel and Lebanidze, ‘Börzel et al. 2015’

⁶ European Commission, ‘Review of the European Neighbourhood Policy’, 2

⁷ European Commission, ‘Review of the European Neighbourhood Policy’, 2

⁸ the Economist, ‘The regatta sets sail. Battered Balkan countries are sailing towards “Europe” at different speeds’

Under these circumstances, strengthening the regatta principle may generate big societal effects. It can bolster pro-reform domestic groups and civil society organizations within the EaP countries by giving them opportunity to “name and shame” reform-resistant governments. Unlike the poorly implemented “more-for-more” initiative, division in different camps will generate immense social pressure on the authorities of reform-resistant countries to speed up their reforms and catch up to the frontrunners.

On the other hand, keeping the different states artificially at the same table harms both the EaP countries and the EU. It discourages the frontrunner countries who have pushed pro-Western policies and have accepted the costs generated by worsened economic relations with Russia. On the other hand, it also harms the development of democratization processes in countries like Belarus and Azerbaijan. Splitting up the EaP certainly does not mean some EaP countries are less important to the EU than are the others. Azerbaijan is certainly the most important EaP country in terms of energy security. However, exactly because of Baku’s significance as a petro state, EU-Azerbaijani relations have different dynamics and need a different format for relations. The same goes for Belarus and partly for Armenia.

Finally, symbolism plays a big role in EU’s relations with its Eastern partners. Nothing harms EU’s soft power in its eastern neighborhood more than its insistence on calling the Eastern partners “neighbors.” Being labelled a “neighbor” of the EU sounds humiliating in Kiev, Chisinau and Tbilisi. For the majority of the EaP countries, which in the post-Soviet period have undergone difficult processes of identity and state building, affirmation by the EU that they are indeed European states can be a strong inspirational incentive even if the EU membership perspective is not on table.⁹ The reluctance of the European Council may be caused by their fear that acknowledging the European aspirations of the EaP states may embolden their quest for the EU membership. However, the linkage between being a European state and being an EU member is not self-evident.

⁹ Babayan et al., ‘10 Years of the ENP - The Way Forward with the EaP’, 5

Table 1: Status of key reforms in EaP countries and their respective approaches to European integration (all figures are standardized on a scale of 1-100 best)

Key reform status	Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine
Degree of Democracy ¹⁰	27	1	7	40	35	40
Corruption Perception Index ¹¹	33	30	40	57	30	29
Control of Corruption ¹²	40	30	44	66	33	30
Government Effectiveness ¹³	46	46	40	60	42	42
Regulatory Quality ¹⁴	55	44	31	71	48	41
Voice and Accountability ¹⁵	38	18	22	54	49	50
Economic Freedom ¹⁶	70	64	59	76	58	48
Structural conditions	Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine
Regime Type ¹⁷	Semi-Consolidated Authoritarian Regime	Consolidated Authoritarian Regime	Consolidated Authoritarian Regime	Transitional Government or Hybrid Regime	Transitional Government or Hybrid Regime	Transitional Government or Hybrid Regime
Declared objective	EU as a model of development ¹⁸	political and economic relations ¹⁹	trade relations, investments ²⁰	membership	membership	membership
Key macro-regional framework	Eurasian Customs Union	None	Eurasian Customs Union	AA/DCFTA	AA/DCFTA	AA/DCFTA
Social mobility	Visa facilitation	Visa facilitation	Mobility partnership	visa-free regime	visa-free regime	visa-free regime

¹⁰ Freedom House, 'Nations in Transit 2017. Table of Country Scores'

¹¹ Transparency International, 'Corruption Perception Index 2016'

¹² World Bank, 'Worldwide Governance Indicators 2014'

¹³ World Bank, 'Worldwide Governance Indicators 2014'

¹⁴ World Bank, 'World Bank Governance Indicators 2016, Full Dataset'

¹⁵ World Bank, 'World Bank Governance Indicators 2016, Full Dataset'

¹⁶ Heritage foundation, 'Index of Economic Freedom 2017'

¹⁷ Freedom House, 'Nations in Transit 2017. Table of Country Scores'

¹⁸ MFA Armenia, *National Security Strategy of Armenia*

¹⁹ Republic of Azerbaijan MFA, 'Azerbaijan-European Union'

²⁰ MFA Belarus, 'MFA Belarus'

Why Pause Means Regression – And How to Avoid It

Certainly, one of the reasons why the EU has been so reluctant to give formal character to the multi-speed nature of the EaP is its indecisiveness on how to proceed further with the associated EaP states. By refusing to include new formats for relations in the EaP, the European Council has been trying to avoid entering any trap that would increase pressure on it to grant the membership perspective to EaP states. Whereas the Council's anxieties are understandable, keeping the EaP unreformed will undermine the EU's effectiveness in the EaP region in the medium-term perspective. It will further discourage the governments of EaP states from continuing reforms and will shift the domestic balance of power in favor of reform-resistant groups. Finally, it will also strengthen Russia's "told-you-so" narrative which portrays the EU as an uninterested and incapable actor in the region. Certainly, the EU will retain some instruments of influence. It can utilize negative conditionality ex-post - by withdrawing already-given benefits if the EaP countries fail to implement necessary reforms. However, ex-post conditionality can only prevent further backsliding. It is highly unlikely that, without new incentives, the EU's Eastern partners will embark on costly economic and political reforms. Once a carrot is eaten, its power is diminished.

The EaP+ format suggested by the European Parliament was perhaps aimed at solving the abovementioned dilemma: to avoid the stalemate between the EU and the EaP countries and avoid opening the Pandora's box of the membership perspective issue. The EaP+ offers some important novelties. It includes the possibility of the associated countries' future membership in the customs union (CU), energy union, digital union and Schengen area, as well as close cooperation within the Common Security and Defense Policy (CSDP), the abolition of roaming tariffs between the partners and the EU and a number of other tangible incentives.²¹ The proposal of the European Parliament shows there is space between full membership (which is much-feared by the EU) and the current EaP format (see table 2). The parliament's ideas are without doubt progressive in this regard. Their implementation would equal to reviving of Romani Prodi's somewhat forgotten idea of "everything but institutions" - an initial objective of the ENP.²² However, joining the customs union might not be attractive for some of the EaP states, especially those with liberal trade agendas, as it presupposes imposition of the "common external tariff" which limits the freedom to negotiate free-trade agreements with third parties.²³ For instance, Georgia would be forced to renegotiate or abandon its recently-signed free trade agreement with China. Perhaps more than the CU with the EU, the logical continuation of the DCFTAs would be membership in the European Economic Area (EEA), which basically is an "[extension] of the EU's internal market to countries in the European Free Trade Area (EFTA)."²⁴ Unlike the DCFTA, which covers most aspects of free trade with the EU but excludes labor mobility, the EEA

²¹ European Parliament, 'European Parliament recommendation of 15 November 2017 to the Council, the Commission and the EEAS on the Eastern Partnership, in the run-up to the November 2017 Summit'

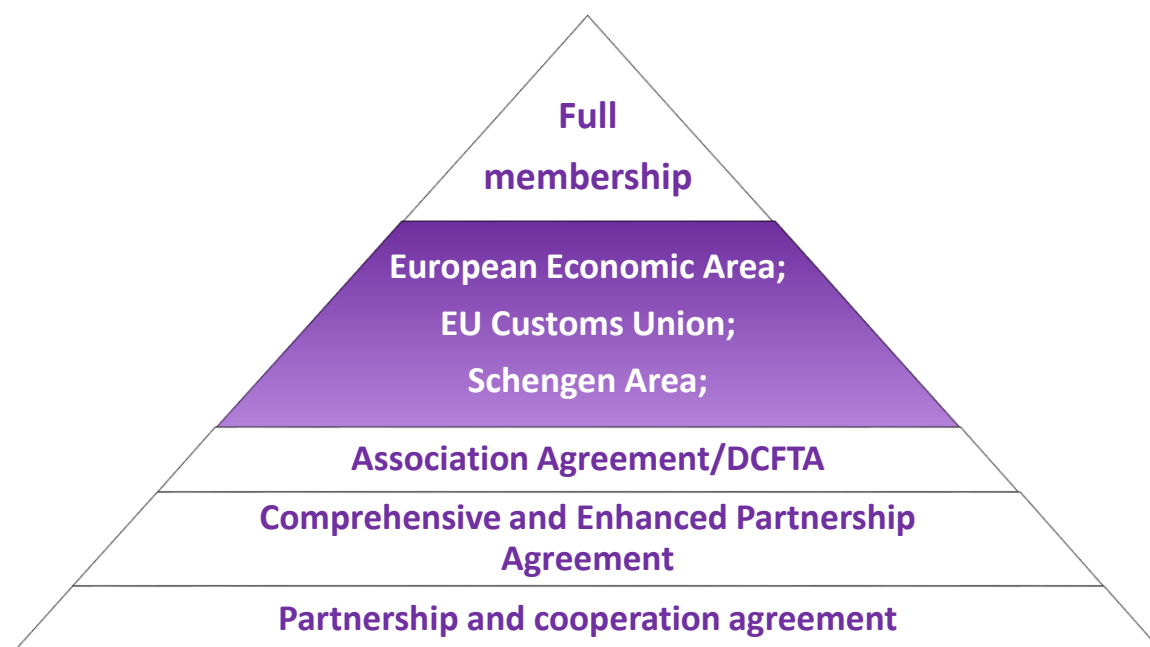
²² Lehne, 'Lehne 2014'

²³ Lebanidze, *Georgia's European Integration: What Comes After The Eastern Partnership?*

²⁴ European Parliament, 'Fact Sheets on the European Union'

incorporates all four freedoms of the EU's internal market: free movement of goods, people, services and capital.²⁵ Certainly, the EEA was initially created for the highly-developed Western European EFTA members and the EaP states will need to embark on intensive reforms to meet the criteria. That would not be the EU's problem, however. Once the offer is made, it is up to the EaP states to grab the opportunity.

Table 2: Pyramid of EU Integration Stages



Conclusions

The recent EaP summit in Brussels brought to the surface the inherent contradiction of the EU's relations with its Eastern partners: On the one hand, within the framework of the EaP all "juicy carrots" have been eaten and the EaP countries need new incentives to stabilize the reform drive. On the other hand, however, the European Council is reluctant to offer any new incentives, fearing it may lead to extension of the membership perspective for the EaP countries. Two interrelated provisional solutions may help to overcome the current mismatch and keep the EaP functional for years to come: changing the format of the program; and offering cooperation formats that fall between association agreements and full EU membership.

Unveiling the multi-speed neighborhood: the principle of "more differentiation" introduced step by step after 2009 has worked in practice but failed to live up to its full potential. That is because the EaP has formally remained a single framework, whereas the gap between the EaP

²⁵ Lebanidze, *Georgia's European Integration: What Comes After The Eastern Partnership?*

countries in terms of interests and transition paths has only increased. Hence splitting the EaP and turning it into a multi-speed format would allow the EU to fully realize the “regatta principle” and support societal pro-reform groups in all EaP countries.

“Everything but institutions”: The EaP+ format offered by the European Parliament is a well-suited solution for the current dilemma surrounding the EaP’s present format. It offers the frontrunner EaP states new benefits while excluding the automatic pathway to the membership perspective, thus alleviating the fears of the European Council. If only the Customs Union is replaced by the EEA, the EaP+ may serve as a long-term interim solution until both the EU and the EaP states are ready to start discussion about the membership perspective.

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